

Senate Hears Debate on Tax Credit Accountability Act

The Missouri State Senate heard debate Wednesday on Senate Bill 1099, which would serve as the first step in reforming the state's tax credit system. The tax credit system has seen cases of abuse and fraud, and we must reconsider how this program is working.

I want to clear up any confusion on this bill, as I have received some questions from constituents. Many have written that they do not want this bill to pass because it would end systems such as the historic tax credit that offers funding for redevelopment for historic buildings. However, this bill does not call for the end of any program, it simply creates a means for reviewing the practices of the tax credit system, by setting up clearer, more defined reporting and auditing procedures.

Senate Bill 1099 as it stands has no capping, consolidating, or eliminating programs. It would create a system of classifications for tax credits, with minimum requirements for each classification. It would also implement reporting requirements that would gather information on whether the tax credits are being used, who is using them, and if they are working as intended. In the bill, failure to meet the annual reporting requirement would result in graduated penalties if there were continual failure.

We want to take steps down the path to responsible tax policy. This bill will increase public benefits and hold those using tax credits accountable.

Senate Bill 1099 requires each tax credit program to come before the Joint Committee on Tax Policy after the State Auditor's program audits. The Joint Committee on Tax Policy will then be able to make an official report to the General Assembly as to the merit and suggested treatment of each credit. This will serve to preserve those tax credits that are successful and positively benefit to the state, while removing those that are the result of abuse and misuse.

We need a fundamental basis to build on. We felt it was absolutely necessary to develop some way to hold this system accountable. At least, if we set out a policy for continual review of these tax credits, we can sort out how they work and if they work.

With the budget being a priority this year in the legislature, I hope this bill sets a foundation for holding those eligible for tax credits responsible for the proper use of funds. We could take the entire budget into consideration right now, but at the end of the day, we would end up with too much to debate and nothing solved. This is an important first step in reaching a balanced budget.

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